RS650-2A

JAPAN · ECONOMIC · INSTITUTE

JEI REPORT

NO. 44B
November 18, 1983

Insights in This Issue:

State Visit Strengthens Ties with Japan 1

Yen-Dollar Issue Dominates Economic Side of Summit 3

Accord Signed on Military Technology Transfers 5

Bilateral High-Technology Working Group Releases Semiconductor Report 6

Japan's Relations with North Korea Worsen 7

American Aluminum Baseball Bats Come Up to the Plate 8

Statistical Supplement 9

State Visit Strengthens Ties with Japan

Marking the highpoint of his visit to Japan, Preaident Reagan pledged in his Diet address on November 11 that in spite of occasional problems the two countries would permanently maintain their friendship. Although both sides registered their economic differences, the talks were remarkably free of hostility. Spokesmen for both governments said that the visit marked the maturing of a partnership that would, despite difficult trade issues, continue to demonstrate a broader defense/security perspective.

Mr. Reagan's approach to Japan was two-fold. First, the president emphasized the importance of a permanent relationship -- not only because of the two countries' economic might but because of their fundamental democratic

Trade and Payments Data
(in millions of dollars unless otherwise indicated)

	1981	1982	January-September 1982	January-September 1983	July 1983	August 1983	September 1983
Japan's Balance of Payments							
Trade Balance	$ 19,967	$ 18,079	$ 13,511	$ 22,463*	$ 3,762*	$ 2,452*	$ 3,369*
Exports (f.o.b.)	149,522	137,663	104,174	105,621*	12,499*	11,493*	12,629*
Imports (f.o.b.)	129,555	119,584	90,663	83,158*	8,737*	9,041*	9,260*
Current Account Balance	4,770	6,850	4,594	14,562*	2,855*	1,374*	2,688*
Long-Term Capital (net)	-9,672	-14,969	-15,026	-12,344*	-1,799*	-1,931*	-2,409*
Overall Balance	-2,144	-4,971	-6,744	3,234	874	-27	318
International Reserves (end of period)	28,403	23,262	24,009	24,641	24,939	24,398	24,641
Japan's Customs Clearance Trade							
Trade Balance	8,741	6,900	4,717	14,371*	2,848	1,675	2,392*
Exports (f.o.b.)	152,030	138,831	105,118	106,470*	12,629	11,633	12,800*
Cars	18,445	18,015	13,600	14,406*	1,716	1,249	1,675*
Steel	16,669	15,645	12,287	9,321*	1,028	1,060	1,149*
Imports (c.i.f.)	143,290	131,931	100,402	92,099*	9,780	9,959	10,409*
Crude Oil	53,343	46,274	34,630	29,168*	2,751	2,723	3,187*
Japan-U.S. Trade							
Trade Balance	13,312	12,151	9,175	12,019*	1,525	1,340	2,080*
Exports (f.o.b.)	38,609	36,330	27,711	30,100*	3,689	3,394	4,083*
Imports (c.i.f.)	25,297	24,179	18,536	18,081*	2,164	2,054	2,003*
Yen-Dollar Exchange Rate							
Tokyo Spot Market (end of period)	¥219.90	¥235.00	---	---	¥241.70	¥246.60	¥236.10
U.S.-Japan Trade							
Trade Balance	-15,789	-16,778	-13,744	-13,570	-1,637	-1,834	-1,027
Exports (f.a.s.)	21,823	20,966	15,544	15,709	1,920	1,800	1,948
Industrial Supplies	8,983	9,173	6,765	6,267	706	709	677
Food and Feed	5,896	4,971	3,745	4,068	530	544	564
Capital Goods	4,767	4,434	3,314	3,520	459	339	404
Consumer Goods	1,318	1,356	1,030	1,050	124	109	130
Imports (Customs)	37,612	37,744	29,289	29,280	3,557	3,634	2,976
Automotive Products	12,950	12,890	9,934	10,697	1,253	1,328	949
Industrial Supplies	7,179	6,795	5,608	3,869	453	478	425
Consumer Goods	8,340	7,842	5,953	5,809	694	770	638
Capital Goods	8,589	9,530	7,242	8,408	1,099	996	908

*Preliminary

Japanese Economic Indicators

(percentage change from year-earlier period unless otherwise indicated)

	1981	1982	January-August 1982	January-August 1983	June 1983	July 1983	August 1983
Discount Rate (end of period)	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Outstanding Money Supply	8.9%	9.2%	9.7%	7.4%	7.7%	7.1%	6.9%
Industrial Production	1.0%	0.3%	1.5%	1.2%	1.9%	2.4%	5.2%
Manufacturing Operating Rate	-4.6%	-2.9%	-2.3%	-0.9%	0.3%	0.4%	2.4%
Number of Bankruptcies	-1.5%	-2.8%	-3.2%	8.7%	16.1%	5.8%	22.2%
Residential Construction Starts	-9.2%	-0.5%	-4.9%	-1.7%*	-0.1%	-3.4%	-1.7%*
Job Openings to Applications (ratio)	0.68	0.61	0.62	0.59	0.58	0.57	0.58
Nominal Wages	5.3%	4.5%	5.1%	3.8%*	4.2%	3.8%	-1.5%*
Labor Productivity	2.4%	1.0%	2.4%†	1.3%†	2.6%	n.a.	n.a.
Wholesale Prices	1.4%	1.8%	1.9%	-1.7%	-2.0%	-2.4%	-2.9%
Consumer Prices	4.9%	2.7%	2.7%	2.0%	2.0%	2.2%	1.2%
Yen-Based Export Prices	1.2%	3.9%	4.9%	-5.8%	-6.5%	-7.0%	-6.0%
Yen-Based Import Prices	1.6%	7.9%	6.9%	-5.4%	-8.3%	-10.1%	-9.5%

*Preliminary

†Through June of each year only.

For Japan's most recent GNP figures, see JEI Report No. 36B, September 23, 1983.

Nov. 18, 1983/C thru Dec. 2, 1983/A/B Not Filmed